91-1758

Supreme Court, U.S.
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No. _____

In the Supreme Court of the United States

October Term 1992

EDMUNDO PEREZ, In Pro Se,
Petitioner.

vs.

BMG MUSIC, CBS, INC. and A&M RECORDS, INC.,
Respondents.

PETITION FOR A WRIT OF CERTIORARI

To the United States Court of Appeals
for the Ninth Circuit

Edmundo Perez
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Petitioner In Pro Se

QUESTIONS PRESENTED FOR REVIEW

1. Whether the first sale doctrine provides a defense to copyright infringement claims for phonorecords which are manufactured abroad and exported to the United States.

2. Whether the place of manufacture controls whether or not the first sale doctrine applies to section 602(a) of the Copyright Act. There is an apparent split of authority.

3. Whether section 602(a) of the Copyright Act applies to import records which are not available in the United States.

PARTIES TO THE PROCEEDINGS

The parties to this proceeding, are Edmundo Perez in pro se, defendant-petitioner, and BMG Music, CBS, Inc., and A&M Records, Inc., plaintiffs-respondents.

TABLE OF CONTENTS

QUESTIONS PRESENTED FOR REVIEW . . . i

PARTIES TO THE PROCEEDINGS ii

TABLE OF AUTHORITIES vi

OPINION BELOW 1

RULE 28.1 STATEMENT 1

JURISDICTIONAL STATEMENT 1

FEDERAL STATUTES INVOLVED 2

STATEMENT OF THE CASE 4

REASONS FOR GRANTING THE WRIT 9

A. THE FIRST SALE DOCTRINE PROVIDES A DEFENSE TO COPYRIGHT INFRINGEMENT CLAIMS FOR PHONORECORDS WHICH ARE IMPORTED 9

B. THE PLACE OF MANUFACTURE AND SALE OF PHONORECORDS DOES NOT DETERMINE WHETHER THE FIRST SALE DOCTRINE APPLIES TO THE COPYRIGHT ACT. 13

C. SECTION 602 DOES NOT APPLY WHERE THE IMPORT RECORDS ARE NOT AVAILABLE IN THE UNITED STATES 21

CONCLUSION 25

APPENDICES . . . . . following page 27

TABLE OF AUTHORITIES

Cases

BMG, et al. v. Perez, et al.,
952 F.2d 318 at 319 14

Bobbs-Merrill Company v. Straus,
210 U.S. 339, 28 S.Ct. 722,
52 L.Ed. 1086 (1908) 10

CBS vs. Scorpio Music Distributors,
569 F.Supp. 47 (E.D.P.A., 1983,
aff'd. without op. 738 F.2d 424
(3rd Cir. 1984).) 13-18, 20, 26

Cosmair Inc. vs. Dynamic
Enterprises Inc., 350,
28 S.Ct. at 728 . . . . . 10, 16

Red Baron-Franklin Park, Inc. v. Taito
Corp. 15, 19-21, 25

Sebastian at p. 1098 12

Sebastian at p. 1099. . . . . 13, 18, 19

Sebastian Intern., Inc. v. Consumer
Contacts (PTY) Ltd., 847 F.2d 1093
(3rd Cir. 1988)
at p. 1096. . . . . 11, 15, 17-21, 25

Statutes

17 U.S.C. § 101 et seq. 1, 2
17 U.S.C. § 109 2
17 U.S.C. §§ 109 and 602(a) 2
28 U.S.C. § 1254(1) 2
28 U.S.C. § 1338 . . . . . 3, 5

Treatises

Nimmer on Copyright
Section 8.12 [B] at 8-143 . . 14-16
Section 8.12[B] at 8-144,

Parallel Importing, at pp. 148-149. . . 22

(1) Parallel Importing under the Copyright Act of 1976, 17 M.Y.U.J Int'l. L. and Pol. 113, 134-137 (1984) at page 117." 22

OPINION BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit is reported at 952 F.2d 318 (9th Cir. 1991) at p. 319. A copy is appended as App. 1.

RULE 28.1 STATEMENT

The only multinational with a parent company is CBS. The parent company of CBS, Inc. is Sony International, Inc.

JURISDICTIONAL STATEMENT

The United States Court of Appeals for the Ninth Circuit entered its memorandum opinion and entered judgment for plaintiff-respondent on December 24, 1991. The memorandum opinion entered on December 24, 1991, was withdrawn and a published opinion was substituted in its place.

The court has jurisdiction to review the judgment below pursuant to 28 U.S.C. § 1254(1).

FEDERAL STATUTES INVOLVED

The federal statutes involved herein are, in general, the Copyright Act of 1976, 17 U.S.C. § 101 et seq. and specifically, 17 U.S.C. §§ 109(a) and 602(a).

17 U.S.C. § 109(a) (1988) provides:

> Notwithstanding the provisions of § 106(3), the owner of a particular copy or phonorecord lawfully made under this title or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

17 U.S.C. § 602(a) (1988) provides:

> Importation into the United States, without the authority of the owner of the copyright under this title, of copies or phonorecords of a work that have been acquired outside the United

States is an infringement of the exclusive right to distribute copies or phonorecords under § 106, actionable under § 501 . . . .

STATEMENT OF THE CASE

This is a case of initial impression for this court on important issues of copyright law. This court is the final authority on federal statutory law. The petitioner requests that the court rule on issues relating to the first sale doctrine and commercial unavailability. Although there is some sparse appellate law apparently conflicting, the district courts which have dealt with the issue have also reach conflicting holdings.

The underlying action was brought by major phonorecord companies, BMG Music, CBS, Inc. and A&M Records, Inc. (hereinafter referred to as Respondent collectively) against defendants Edmundo Perez and La Feria del Disco, Inc., (hereinafter referred to as Petitioner) alleging acts of copyright infringement.

Jurisdiction of the federal courts is proper pursuant to 28 U.S.C. § 1338, which gives federal district courts exclusive jurisdiction of any civil action relating to copyrights.

Following initiation of the civil suit in May of 1989, Respondents filed for hearings on a motion for summary adjudication of certain facts and a contempt motion for violation of a preliminary injunction. The district court found in favor of appellees on all substantial points in the motion for Summary Adjudication of certain issues.

The district court also found that, on the basis of the affidavits, that Petitioner was in contempt for violation of the preliminary injunction for selling other phonorecord titles although they were not specifically enumerated in the preliminary injunction. Consequently,

the court awarded damages totalling $50,000 for these violations.

Thereafter, on September 5 and 6, 1989, a court trial was held on the remaining issues of willfulness, damages and attorneys' fees; after which the court found that appellant's importation of four subject titles was indeed willful within the meaning of 602(a) and statutory damages and attorneys' fees were awarded. Respondents-plaintiffs are major record companies which produce, manufacture and distribute phonorecords in the United States and abroad. They also own copyrights to various sound recordings embodied in those phonorecords. Respondents brought the copyright infringement action against Petitioner Perez on the basis that 602(a) imposed a territorial restriction in a private contract upon the third party

petitioner as provided for by 602(a) of the Copyright Law. That is to say that Petitioner had purchased records abroad and imported them into the United States without the authority of the Respondent copyright owners.

Following the inception of the civil action, the parties entered into a preliminary injunction enjoining Perez from importing or selling any of plaintiffs' copyrighted works. During this period a dispute arose as to whether Petitioner had violated the injunction by importing other phonorecords from that which Respondents claimed copyrights to. Petitioner contended that he was only enjoined from importing or selling the four subject phonorecords of the initial lawsuit. However, the injunction was read by the district court to include all phonorecords which Respondents owned

copyrights on manufactured abroad which were imported without authorization. Upon that basis the court therefore found Perez in contempt and ordered Petitioner to pay the aforesaid sanctions of $50,000 to Respondents. Following the district court's decision in the court trial, Petitioner appealed to the Ninth Circuit and the Ninth Circuit Court affirmed the district court, finding that the defendant was not protected by the "first sale doctrine," that there was sufficient evidence of willfulness and that the district court did not abuse its discretion in awarding statutory damages and attorneys' fees or in imposing sanctions for contempt.

REASONS FOR GRANTING THE WRIT

A. THE FIRST SALE DOCTRINE PROVIDES A DEFENSE TO COPYRIGHT INFRINGEMENT CLAIMS FOR PHONORECORDS WHICH ARE IMPORTED.

It is the position of Petitioner that the first sale doctrine applies to the importation of copyrighted phonorecords and that this is a defense to a copyright action for infringement. Section 109(a) of the Copyright Act specifically provides a defense to copyright infringement based on the lawful purchase of a phonorecord. It is not disputed that the Petitioner lawfully purchased, that is to say, paid monies for the phonorecords in question abroad from the authorized manufacturers.

Presumably, the copyright holders reaped the benefit of that purchase.

> The first sale doctrine has a venerable lineage. The Supreme Court construed the right of exclusive sale held by copyright owners in Bobbs-Merrill Company v. Straus, 210 U.S. 339, 28 S.Ct. 722, 52 L.Ed. 1086 (1908) and decided that it did not create an additional prerogative enabling the holder to restrict future resales. The court refused to find infringement when a retailer sold a novel at a price below that listed in the copyright notice, observing that copyright protection is wholly statutory and independent of any contractual rights. Because it had previously exercised the right to vend copies, the copyright owners could not retain any further control over subsequent sales. The court phrased the issue in general terms, answering in the negative the question whether "the sole right to vend . . . secure[s] to the owner of the copyright the right, after a sale of the book to a purchaser, to restrict future sales of the book at retail . . . ?" Id. at 350, 28 S.Ct. at 728.

Sebastian International, Inc. v. Consumer Contacts (PTY) Ltd., 847 F.2d 1093 (3rd Cir. 1988) at p. 1096.

It is Petitioner's position, however, that 602(a) does not grant copyright owners another distinct right, one that frees them from the first sale doctrine. Rather, Petitioner asserts that "section 602(a) does not enlarge the distribution rights, but serves only as a specific example of those rights" subject still to the first sale limitation. See Sebastian at p. 1099.

"This analysis poses a problem in the case of unauthorized imports of copies made abroad pursuant to a license restricting sales to a particular country. Although the domestic copyright holder undoubtedly would prefer to block such importation, the statutory language does not expressly authorize such control." Sebastian at p. 1097.

As noted in Sebastian at p. 1098, "[a]ppellate courts have little occasion

"to analyze the interplay between the first sale doctrine of § 109(a) and the importation right of § 602(a), but the district courts have struggled with the problem in a number of situations."

It is Petitioner's position that the foreign manufacture of a product should have no bearing on whether the first sale doctrine applies. Sebastian at p. 1098.

It is Petitioner's position that section 602(a) does not purport to create a right in addition to those conferred by the Copyright Law because that exclusive right is specifically limited by the first sale provisions of § 109(a). It necessarily follows, and it is Petitioner's position that, "once a transfer of ownership has canceled the distribution right to a copy, the right

does not survive so as to be infringed by importation." Sebastian at p. 1099.

B. THE PLACE OF MANUFACTURE AND SALE OF PHONORECORDS DOES NOT DETERMINE WHETHER THE FIRST SALE DOCTRINE APPLIES TO THE COPYRIGHT ACT.

Section 109(a) of the Copyright Act prohibits a copyright owner who has sold copies from interfering with the latter sale of those copies lawfully made under this title. (emphasis added)

The Ninth Circuit below adopted the line of reasoning first put forth by the Third District Court in CBS vs. Scorpio Music Distributors, 569 F.Supp. 47 (E.D.P.A., 1983, Aff'd. without op. 738 F.2d 424 (3rd Cir. 1984).)

The Scorpio district court reasoned that if 109(a) (first sale doctrine) were to be read as "superseding the

prohibition on importation as set forth in section 602 would render 602 virtually meaningless." See BMG v. Perez, 952 F.2d 318 at 319.

The Scorpio court focused on the phrase "lawfully made under this title of section 109(a)" and interpreted this to apply only to copies which have been legally manufactured and sold within the United States. Imports were therefore excluded from the application of the first sale doctrine under 602(a).

"The Scorpio court's holding has been severely questioned even by the Third Circuit Court of Appeals within whose jurisdiction the Scorpio district court lies. See M. Nimmer and D. Nimmer, Nimmer on Copyright section 8.12 [B] at 8-143."

Professor Nimmer observes that in Sebastian

> "The appellate court appeared to wish to limit Scorpio although it stops short of explicitly rejecting it (italics added) . . . [T]he Third Circuit upheld the first sale doctrine using language that could also apply to sale and manufacture abroad of copyrighted goods and subsequent importation into the United States. Id. In dictum if not in holding therefore, Sebastian calls into question Scorpios' continued viability."

(italics added) (Nimmer, section 8.12[B] at 8-144, note 67).

Nimmer goes on to observe although he does not agree with it,

> that in the Fourth Circuit the court in Red Baron-Franklin Park, Inc. v. Taito Corp., a 1989 copyright law decision (CCH) section 26.352 (E.D.VA 1988) Rev'd on other grounds, 883 F.2d 275 (4th Cir. 1989) goes further holding that "a logical and important extension of the Sebastian decision is to reject Scorpio even in a case in which both sale and manufacture took place abroad." (italics added).

Nimmer section 8.12[B] at 8-144, note 69.

Professor Nimmer goes on to concede that "Sebastian and its progency cast some doubt upon that proposition" (that

the Copyright Act bars importation of gray market goods (italics added)). Nimmer section 8.12 [B] 8-144, note 70. See also Cosmair Inc. vs. Dynamite Enterprises, Inc. #85-0651, slip op. (S.D.Fla.) Apr. 9, 1985. "The court would note that it had some doubt as to the validity about the reasoning about the relation between section 602(a) and section 109(a) in Scorpio.

This is precisely the situation in which Petitioner finds himself. Petitioner is alleged to have purchased from Respondents' foreign subsidiaries or sister companies phonorecords manufactured abroad and allegedly imported into this country.

The Ninth Circuit upheld the district court who following Scorpio reasoned that the place of manufacture

controls as to whether the first sale doctrine applies.

Under this view, had the phonorecords been manufactured in the U.S and sent abroad and reimported, the first sale doctrine would apply, but because the records were manufactured abroad it does not.

Petitioner contends that the place of manufacture is an arbitrary distinction without merit as to whether the first sale doctrine applies and is discriminatory in that it grants foreign copyright holders greater rights than domestic copyright holders.

As recognized in Sebastian by the Third Circuit Appellate Court in the very same judicial district where the Scorpio district court lies, its rationale is simply faulty. 602(a) does not circumvent the first sale doctrine.

It should be noted in Sebastian the goods were manufactured in the United States although the court there implicitly rejected Scorpio.

Moreover, as the Sebastian court noted

> We confess some uneasiness with this construction of "lawfully made" because it does not fit comfortably within the scheme of the Copyright Act. When Congress considered the place of manufacture to be important, as it did in the manufacturing requirement of section 602(a) the statutory language clearly expresses that concern.

Sebastian at p. 1098.

Finally, in reaching its holding, the Sebastian court reasoned as follows:

> Nothing in the wording of section 109(a), its history or philosophy, suggest that the owner of copies who sales them abroad does not receive a "reward for his work" nor does the language of section 602(a) intimate that a copyright owner who elects to sell copies abroad should receive "a more adequate award" than those who sale domestically. That result would occur if the holder were to receive

not only the purchase price, but a right to limit importation as well.

> Consequently, we agree with the district court that the place of sale is not the critical factor in determining whether section 602(a) governs (italics added). We differ, however, with the district court's finding of infringement because, in our view, a first sale by the copyright owner extinguishes any right later to control importation of those copies. (italics added)
>
> Section 602(a) does not purport to create a right in addition to those conferred by section 106(3), but states that unauthorized importation is an infringement of "the exclusive . . . right to distribute copies." Because the exclusive right is specifically limited by the first sale provisions of section 109(a), it necessarily follows that once transfer of ownership has canceled the distribution right to a copy the right does not survive so as to be infringed by importation. (emphasis added)

See Sebastian at p. 1099.

Following Sebastian, the Fourth District Court in Red Baron-Franklin Park, Inc. at 22, 245 explicitly recognized that even if the sale and

manufacture occurred abroad the Scorpio reasoning should be rejected.

> 'The issue facing the court is the interplay between the first sale doctrine of section 109(a) and the importation right granted to a copyright holder in section 602(a). . . .
>
> 'Sections 602(a) and section 109(a) appear to conflict since it is unclear whether a copyright holder who has sold his goods might still be able to assert section 602(a) rights to bar their importation. This court, however, finds no inconsistency between the section and relies on the Third Circuit's recent interpretation of the relationship between these sections. In Sebastian Int'l, Inc. v. Consumer Contact (PTY) Ltd., 847 F.2d 1093 (3d Cir. 1988) the court stated that the two 'provisions were intended to function interdependently and may be right in harmony with each other.'

Red Baron at section 26352 at 22, 244.

The Red Baron court went on to observe that,

> The Third Circuit, while not explicitly overruling the Scorpio court's rationale. . . In dicta, the Sebastian court argued that when the place of manufacture is an important

> factor, Congress expressly makes it clear in the statute . . . since sections 109(a) and 602(a) contain no reference to place of manufacture, it is irrelevant to an analysis of these sections. (emphasis added) The sale of a good protected by U.S copyright should extinguish the right of the copyright holder to assert importation rights in the good regardless of where the good is manufactured and sold. (emphasis added) The court believes that its holding is a logical and important extension of the Sebastian decision. To rule otherwise would provide greater copyright protection for foreign companies' manufactured goods outside the U.S.

Red Baron at 22, 245.

C. SECTION 602 DOES NOT APPLY WHERE THE IMPORT RECORDS ARE NOT AVAILABLE IN THE UNITED STATES.

As noted in several law review articles which deal in depth with the problems of the interplay between section 602(a) and 109(a)

Interested parties strongly believe that the enforcement of 602

> along the lines advocated by CBS will limit the genres of music available to the American consumer and will inhibit creative growth in the recording industry (citations omitted) . . . .
>
> The issue of consumer unavailable parallel imports raises the question of consumer access: should a copyright owner be allowed to dictate what music is available in the United States?

Note (1) Parallel Importing under the Copyright Act of 1976, 17 N.Y.U.J Int'l. L. and Pol. 113, 134-137 (1984) at page 117.

> The drafters of the 1976 Act had specifically suggested that section 602 should not prohibit this practice . . . agree that consumer unavailable parallel import market should not be discouraged (citations omitted). Arguably, if import companies are prohibited from dealing in unavailable parallel imports, the real victim will be the American public.

Note, Parallel Importing Under the Copyright Act of 1976, 17 N.Y.U.J Int'l. L. and Pol. 113, at pp. 148-149.

Petitioner has consistently throughout the pendency of the underlying action maintained and offered testimony

that the phonorecords he is alleged to have imported were not available to him domestically. In other words, these were consumer unavailable products. See Perez Trial Testimony at p. 167-168 R.T.

Petitioner, Edmundo Perez, has repeatedly and consistently testified that his alleged importation of foreign manufactured phonorecords was a last resort effort when he could not obtain such phonorecords domestically to meet the requirements of his customers. (See Perez R.T. at p. 168)

The district court and the appellate court below erred in first not determining whether there was parallel importation, that is to say whether or not the phonorecords in question were available in the United States and they did not distinguish between consumer unavailable and consumer available

product. Should the court uphold the Ninth Circuit's analysis of the interplay between section 109(a) and section 602(a), such a finding should specifically exempt phonorecords which are not available in the United States.

The court should reduce or eliminate the nearly $200,000 in damages, attorneys' fees and so forth which were assessed by the district court and upheld by the appellate court against Mr. Perez because as is clear from the split of authorities above, the law in this area is far from settled and Petitioner is standing on principle and conducting business as was done customarily in the import business prior to the Third District Court's expansive reading of 602(a).

CONCLUSION

> Although this case turns purely on copyright law, we recognize that the underlying 'gray market' or 'parallel importing' issues are really dominant . . . domestic manufacturers now invoke the copyright law to advance their economic interests . . . We think that the controversy over 'gray market goods' or parallel importing should be resolved directly on its merits by Congress, not by judicial extension of the Copyright Act's limited monopoly.

Sebastian, at 1101.

Petitioner urges the Court to resolve the conflicting interpretation of the various courts of the interplay between section 109(a) and section 602(a) of the copyright law along the lines advocated by the Third Circuit Appellate Court in Sebastian and more recently, in the Fourth District Court in Red Baron.

Petitioner urges this court not to accept the judicial extension of the Copyright Act's limited monopoly as was done in Scorpio, but rather to recognize

that the issues properly belong before the Congress and reverse the Ninth Circuit's conclusions of the applicability of 602(a) in limiting the first sale doctrine.

The philosophy underlying the copyright law is to protect authors and to promote their work. The Court is urged to put an end to the Scorpio interpretation of 602(a) and 109(a) which has been used to circumvent the first sale doctrine and to unfairly limit foreign artists' work into this country at the expense of the U.S. listening public.

Respectfully submitted,

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By _____
EDMUNDO PEREZ, in Pro Se

BMG MUSIC; CBS, Inc.; A & M Records, inc. Plaintiffs-Appellees,

v.

Edmundo PEREZ, individually and dba La Feria del Disco and La Feria del Disco No. 1, Defendants-Appellants.

No. 89-56318.

United States Court of Appeals, Ninth Circuit.

Argued and Submitted Sept. 11, 1991.

Decided Dec. 24, 1991.

Owners of copyrights in sound recordings brought copyright infringement action against individual who, together with his wholly owned corporations, allegedly purchased plaintiffs' copyrighted sound recordings manufactured abroad, exported them to United States and sold them. The United States District court for the Central District of California, Richard A. Gadbois, Jr., J., rendered judgment for plaintiffs and

defendant appealed. The Court of Appeals, Beezer, Circuit Judge, held that: (1) defendant was not protected by the "first sale doctrine"; (2) sufficient evidence supported finding of willful infringement; and (3) district court did not abuse its discretion in awarding statutory damages or in imposing sanctions for contempt.

Affirmed.

First sale doctrine did not provide defense to copyright infringement for defendant who purchased copyrighted sound recordings manufactured abroad, exported them to United States and sold them. 17 U.S.C.A. §§ 109(a), 602(a).

2. **Copyrights and Intellectual Property**

Determination that defendant willfully infringed on plaintiffs' copyrights in various sound recordings was

supported by defendant's admissions at trial and by his conduct in violating court's preliminary injunction prohibiting him from importing or selling any of plaintiffs' works.

3. Copyrights and Intellectual Property

Award of damages in amount of $15,000 for each infringement of plaintiffs' copyrighted sound recordings was not an abuse of discretion. 17 U.S.C.A. § 504(c).

4. Contempt

District court did not err in relying on affidavits rather than an oral testimony in finding defendant in contempt where defendant failed to object at contempt hearing.

5. Injunction

Sanction of $10,000 for each violation of preliminary injunction

prohibiting defendant from importing or selling any of plaintiffs' copyrighted works was not an abuse of discretion in view of fact that sanction was no greater than statutory damages for resulting copyright infringement.

Speros P. Maniates, Huntington Park, Cal., for defendants-appellants.

Russell J. Frackman, Mitchell, Silberberg & Knupp, Los Angeles, Cal., for plaintiffs-appellees.

Appeal from the United States District Court for the Central District of California.

Before BEEZER, HALL and WIGGINS, Circuit Judges.

BMG MUSIC v. PEREZ

Cit as 932 F.2d 318 (9th Cir. 1991)

BEEZER, Circuit Judge:

BMG Music, CBS, Inc. and A & M Records, Inc. ("plaintiffs") brought a copyright infringement action against Edmundo Perez and his wholly owned corporations, La Feria del Disco and La Feria del Disco No. 1 ("Perez"). The district court entered judgment for the plaintiffs and Perez appeals. We have jurisdiction pursuant to 28 U.S.C. § 1291 and affirm.

I.

Plaintiffs produce, manufacture, distribute and sell phonorecords in the United States and own copyright in the various sound recordings embodied in those phonorecords. Plaintiffs brought suit against Perez alleging that Perez purchased plaintiffs' copyrighted sound

recordings manufactured abroad, exported them to the United States and sold them in violation of the Copyright Act.

The district court entered a preliminary injunction enjoining Perez from importing or selling any of the plaintiffs' works. While the injunction was in force, Perez sold plaintiffs' copyrighted works manufactured abroad without plaintiffs' authorization. The district court found Perez in contempt and ordered that Perez pay sanctions to the plaintiffs. Subsequently, after a bench trial, the district court found that Perez wilfully infringed plaintiffs' copyright and awarded statutory damages and attorney's fees.

II.

Perez first contends that the district court erred in holding that Perez infringed plaintiffs' copyright by importing and selling plaintiffs' copyrighted material manufactured abroad. Perez contends that he is protected by the "first sale doctrine."

[1] 17 U.S.C. § 602(a) prohibits the importation, without the copyright owner's permission, of copies acquired outside the United States.[1] 17 U.S.C. § 602(a)

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[1]That section reads:

> Importation into the United States, without the authority of the owner of copyright under this title, of copies or phonorecords of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies or phonorecords under section 106, actionable under section 501 . . . .

17 U.S.C. § 602(a) (1988).

prevents a copyright owner who has sold copies from interfering with the later sale of those copies if "lawfully made under this title."[2] The first sale doctrine in 17 U.S.C. § 109(a) does not, however, provide a defense to infringement under 17 U.S.C. § 602 for goods manufactured abroad. The words "lawfully made under this title" in § 109(a) grant first sale protection only to copies legally made and sold in the United

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[2] That section reads:

> Notwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

17 U.S.C. § 109(a) (1988).

States. See CBS v. Scorpio Music Distributors, 569 F.Supp. 47 (E.D.Pa. 1983), aff'd without op., 738 F.2d 424 (3d Cir. 1984).

In Scorpio, the defendant imported phonorecords of works manufactured in the Philippines to which the plaintiff owned copyright. The court, in finding for the plaintiff, reasoned that "[c]onstruing 109(a) as superseding the prohibition on importation set forth in . . . § 602 would render § 602 virtually meaningless." Id. at 49. Copyright owners would no longer have an exclusive right to distribute copies or phonorecords of works manufactured aborad, an interest clearly protected by § 602. Scorpio's concern over the possibility of rendering meaningless § 602 is justified and, for

that reason, so is its result.[3] See 2 M. Nimmer & D. Nimmer, Nimmer on Copyright § 8.12[B], at 8-143 (1991) ("[The conclusion in Scorpio] remains closest to the legislative intent underlying what is admittedly a difficult statutory juxtaposition.").

Perez next contends that his infringement was de minimis and that § 602(a) should apply only to "wholesale" importation of copies. Because Perez imported multiple copies for commercial resale, exactly the behavior proscribed by

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[3] In Sebastian Intern., Inc. v. Consumer Contacts (PTY) Ltd., 847 F.2d 1093, 1098-99 (3d Cir. 1988), the court held that the first sale defense superseded 602(a). That case, however, involved the exportation and later importation of copyrighted goods originally manufactured and sold in the United States. Because those facts are not before us in this case, we specifically decline to pass upon them here.

the statute, Perez's argument is without merit.

Perez also contends that the unavailability of the works in the United States provides him with a first amendment defense to liability for copyright infringement. Because this is not one of those "rare instances when first amendment considerations will operate to limit copyright protection for graphic expressions of newsworthy events," Sid & Marty Krofft Television v. McDonald's Corp., 562 F.2d 1157, 1171 (9th Cir. 1977), this argument also is without merit. See also Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 (9th Cir. 1978), cert. denied sub nom. O'Neill v. Walt Disney Prods. 439 U.S. 1132, 99 S.Ct. 1054, 59 L.Ed.2d 94 (1979).

III.

[2] Perez next contends that there was insufficient evidence to support a finding of wilful infringement. We disagree. Defendant's admissions at trial and conduct in violating the court's preliminary injunction are clear from our review of the record. The court's wilfulness finding is amply supported.

IV.

[3] Perez next argues that the district court abused its discretion in awarding statutory damages. Under 17 U.S.C. § 504(c), the court may award damages of $250 to $10,000. Id. If the infringement is wilful, the court may award damages up to $50,000. Id. The court has "wide discretion" in setting the amount of damages within the statutory

range. Harris v. Emus Records, 734 F.2d 1329, 1335 (9th Cir. 1984).

In this case, the district court awarded damages in the amount of $15,000 for each infringement. Perez has not shown that the district court abused its discretion in setting the amount of statutory damages. In addition, Perez has not shown that the court erred in awarding plaintiffs their attorney's fees under 17 U.S.C. § 505. See McCulloch v. Albert E. Price, Inc., 823 F.2d 316, 323 (9th Cir. 1987) (attorney's fees generally awarded to prevailing plaintiff in copyright cases).

V.

Perez next challenges the district court's contempt order. Perez argues that the preliminary injunction did not

prohibit the sale of the recordings for which the district court ordered sanctions. Perez also argues that he had no notice of the recordings subject to the injunction. Because the injunction clearly prohibited the sale of the recordings for which Perez was sanctioned, Perez's argument is without merit.

[4] Perez next contends that the district court erred in relying on affidavits rather than an oral testimony in finding Perez in contempt. Because perez failed to object at the contempt hearing, the district court did not err in relying on affidavits. Locklin v. Switzer Brothers, Inc., 348 F.2d 244, 245 (9th Cir. 1965).

[5] Perez also contends that the district court erred by imposing an excessive sanction for contempt. We

review for abuse of discretion. See Gifford v. Heckler, 741 F.2d 263, 266 (9th Cir. 1984). Because the district court imposed a sanction of $10,000 for each violation of the preliminary injunction, an amount no greater than statutory damages for the resulting copyright infringement, the district court did not abuse its discretion in setting the amount of sanctions.

VI.

Appellees are entitled an award of costs and attorney's fees pursuant to 17 U.S.C. § 505. Fees will be fixed by separate order. Cir.R. 39-1.6.